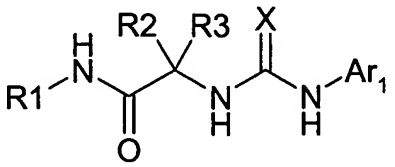
IN THE CLAIMS:

Please enter any changes in the claims indicated in the complete copy of the pending claims, as sought to be amended, presented below:

1. (**Currently Amended**) A compound of Formula 1:



Formula 1

wherein:

R_1 is selected from cycloalkyl and ~~, heterocycloalkyl,~~ aryl ~~and heteroaryl~~ ,

wherein R_1 is optionally substituted with one or more substituents R_a,

wherein R_a is independently selected from the group consisting of alkyl, halo, haloalkyl, nitro, alkenyl, alkynyl, alkoxy, $-(R_7)_nNR_8R_9$ (wherein R_7 is selected from ~~alkyl~~ alkylene, ~~alkoxy~~ alkylene oxide, and ~~oxyalkyl~~ oxyalkylene, R_8 and R_9 can be independently selected from H, and alkyl, or R_8 and R_9 can join together such that NR_8R_9 form a 5 or 6-member heterocyclic ring, and *n* is selected from 0 and 1), and the substituent R_a is optionally further substituted with one or more substituents selected from the group consisting of alkyl, alkoxy, halo, cyano, alkanoyl, haloalkyl, thioalkyl and nitro, $-(R_7)_nNR_8R_9$, wherein R_7, R_8, R_9, and *n* are as defined above~~.~~ ;

R_2 and R_3 are: ~~a)~~ independently selected from the group consisting of H, alkyl, haloalkyl, aralkyl optionally substituted aryl, optionally substituted heteroaryl and optionally substituted, saturated or unsaturated, 5-or 6-membered, homocyclic or heterocyclic rings wherein the optional substituent may be selected from the group consisting of H, alkyl, alkoxy, and halo;

~~or~~

~~b) join together to form a 3, 4, 5, 6 or 7 member spirocyclic ring;~~

X is selected ~~slelected~~ from O, S, NH and NCN;

Ar_1 is phenyl and is optionally substituted with one or more substituents R_b,

wherein the substituent(s) R_b are independently selected from the group consisting of alkyl, alkoxy, alkanoyl, nitro halo, haloalkoxy, $-(R_7)_nNR_8R_9$, $-S(O)_2NR_{10}R_{11}$ and $-O-(CH_2)_mNR_{10}R_{11}$ (wherein R_7 is selected from alkyl, alkoxy, and oxyalkyl, R_8 and R_9 can be independently selected from H, and alkyl, or R_8 and R_9 can join together such that NR_8R_9 form a 5 or 6-member heterocyclic ring, and *n* is selected from 0, 1, 2, 3, 4 and 5 and R_{10} and R_{11} are independently selected from H, or alkyl, or R_{10} and R_{11} can join together such that $NR_{10}R_{11}$to form a 5 or 6-member heterocyclic ring and *m* is selected from 1, 2, 3, 4 and 5) and;

the substituent R_b is optionally further substituted with one or more substituents selected from the group consisting of alkyl, alkoxy, halo, cyano, alkanoyl, haloalkyl, thioalkyl, nitro, $-(R_7)_nNR_8R_9$ wherein R_7, R_8, R_9 and *n* are as described above,

with the proviso that Ar_1 does not have a substituent at the 2-position selected from the following groups, nitro, haloalkyl~~, cyano, $-C(O)R_{12}$, $-C(O)OR_{12}$, $-C(O)NR_{12}R_{13}$, $-S(O)R_{12}$, $-S(O)_2R_{12}$,~~ and $-S(O)_2NR_{12}R_{13}$ (wherein R_{12} and R_{13} are independently selected from H and alkyl), and,

the ~~second~~ proviso that Ar_1 does not have an alkanoyl substituent at the 4 position,

and a salt solvate or hydrate thereof.

2. **(Currently Amended)** A compound of claim 1 wherein Ar_1 is substituted with one or more substituents, R_b ~~R_a~~, wherein the substituent(s) R_b ~~R_a~~ are selected from the group consisting of alkyl, alkoxy, nitro, acetyl, halo, haloalkyl, $-S(O)_2NR_{10}R_{11}$, $-O-(CH_2)_nNR_{10}R_{11}$, wherein R_{10} and R_{11} are independently selected from H, or alkyl, or R_{10} and R_{11} can join together such that $NR_{10}R_{11}$ form a 5 or 6 member heterocyclic ring.

3. **(Currently Amended)** A compound of claim 2 wherein there are two substituents $\underline{R_b}$ ~~R_6~~, independently selected from the group consisting of nitro, methoxy, and ethoxy.
4. **(Currently Amended)** A compound of claim 3 wherein the two substituents $\underline{R_b}$ ~~R_6~~ are a nitro substituent at the 5-position and a methoxy substituent at the 2-position.
5. **(Currently Amended)** A compound as defined in claim 1 wherein R_1 is optionally substituted and is selected from the group consisting of phenyl, naphthyl, tetrahydro-naphthyl~~,~~ and indanyl~~, quinolinyl and pyridyl~~.
6. **(Original)** A compound of claim 5 wherein R_1 is indanyl.
7. **(Original)** A compound of claim 5 wherein R_1 is optionally substituted pyridyl wherein the substituent(s) R_a are selected from the group consisting of alkyl, and haloalkyl.
8. **(Original)** A compound of claim 5 wherein R_1 is optionally substituted phenyl wherein the substituent(s) R_a are selected from the group consisting of alkyl, halo, haloalkyl, nitro, vinyl, alkoxy, $-(R_7)_nNR_8R_9$ wherein R_7 is selected from alkyl, alkoxy, and oxyalkyl, R_8 and R_9 can be independently selected from H, and alkyl, or R_8 and R_9 can join together such that NR_8R_9 form a heterocyclic ring, and *n* is selected from 0 and 1.
9. **(Original)** A compound of claim 8 wherein R_1 is selected from mono or di-substituted phenyl with the substituents selected independently from the group consisting of alkyl, halo and haloalkyl.
10. **(Currently Amended)** A compound as defined in claim 1 wherein R_2 and R_3 are independently selected from, H, alkyl, $\underline{\text{haloalkyl,}}$ aralkyl, optionally substituted aryl, optionally substituted heteroaryl and optionally substituted saturated or unsaturated 5 or 6-membered homocyclic, or heterocyclic rings.
11. **(Original)** A compound as defined in claim 10 wherein R_2 and R_3 are selected independently from H, phenyl, 3-thiophene, sec-butyl, 3,4-difluorophenyl, cyclohexyl, 3-trifuoromethylphenyl, t-butyl, isopropyl, methyl, benzyl, trifuoromethyl.
12. **(Canceled)**.
13. **(Currently Amended)** A compound of claim 1 selected from the group consisting of:

2-[3-(2-methoxy-5-nitro-phenyl)-thioureido]- *N*-(2-indanyl)-2-(3-thienyl) acetamide **E42.2;**
2-[3-(2-methoxy-5-nitro-phenyl)-thioureido]- *N*-(3,4-dimethylphenyl)-2-phenyl acetamide **E32.2;**
2-[3-(2-methoxy-5-nitro-phenyl)-ureido]- *N*-(3,4-dimethylphenyl)-2-phenyl acetamide **E32.5;**
(R)-2-[3-(2-methoxy-5-nitro-phenyl)-thioureido]- *N*-(3,4-dimethylphenyl)-2-phenyl acetamide **E33.1*;**
2-[3-(2-methoxy-5-nitro-phenyl)-ureido]- *N*-(2-indanyl)-2-(3-thienyl) acetamide **E42.1;**
~~(R)-2-[3-(2-nitro-5-methoxy-phenyl)-ureido]- *N*-(2-indanyl)-2-phenyl~~ R-N-(indan-5-yl)-2-[3-(2-methoxy-5-nitro-phenyl)-ureido]2-phenyl acetamide **E29.1*;**
~~(R)-2-[3-(2-nitro-5-methoxy-phenyl)-ureido]- *N*-(4-chlorophenyl)-2-phenyl~~ R-2-[3-(2-methoxy-5-nitro-phenyl)-ureido]-N-(4-chlorophenyl)-2-phenyl acetamide **E4.1;** and
(R)-2-[3-(2-methoxy-5-nitro-phenyl)-ureido]- *N*-(3-trifluromethylphenyl)-2-phenyl acetamide **E31.2.**

14. (**Original**) A pharmaceutical composition comprising a therapeutically effective amount of a compound of claim 1 and a pharmaceutically acceptable carrier.
15. (**Original**) A method for treating a patient having a medical condition for which a glycine transport inhibitor is indicated, comprising the step of administering to a patient a pharmaceutical composition as described in claim 14.
16. (**Original**) A method according to claim 15 wherein the medical condition is schizophrenia, cognitive dysfunction, or Alzheimer's disease.

17. (**New**) A pharmaceutical composition of claim 14 wherein Ar_1 is substituted with one or more substituents, R_b, wherein the substituent(s) R_b are selected from the group consisting of alkyl, alkoxy, nitro, acetyl, halo, haloalkyl, $-S(O)_2NR_{10}R_{11}$, $-O-(CH_2)_nNR_{10}R_{11}$, wherein R_{10} and R_{11} are independently selected from H, or alkyl, or R_{10} and R_{11} can join together such that $NR_{10}R_{11}$ form a 5 or 6 member heterocyclic ring.

18. (New) A pharmaceutical composition of claim 14 wherein there are two substituents R_b, independently selected from the group consisting of nitro, methoxy, and ethoxy.

19. (New) A pharmaceutical composition of claim 14 wherein the two substituents R_b are a nitro substituent at the 5-position and a methoxy substituent at the 2-position.

20. (New) A pharmaceutical composition of claim 14 wherein R_1 is optionally substituted and is selected from the group consisting of phenyl, naphthyl, tetrahydro-naphthyl and indanyl

21. (New) A pharmaceutical composition of claim 14 wherein R_2 and R_3 are independently selected from, H, alkyl, haloalkyl, aralkyl, optionally substituted aryl, optionally substituted heteroaryl and optionally substituted saturated or unsaturated 5 or 6-membered homocyclic, or heterocyclic rings.